

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15  
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00  
OMB-01 STRE-00 /106 W

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R 091325Z DEC 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7806

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

USDEL MTN GENEVA

AMEMBASSY LONDON

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 36418

PASS STR

E.O. 11652: GDS

TAGS: ETRD, MTN, FR

SUBJECT: FURTHER ON FRENCH ATTITUDES TOWARD MTN

REF: (A) MTN GENEVA 9730, (B) PARIS 33900 (NOTAL),  
(C) MTN GENEVA 8966 (NOTAL), (D) PARIS 36275 (NOTAL)

1. SUMMARY. QUAI DIRECTOR OF ECONOMIC AND FINANCIAL  
AFFAIRS FROMENT-MEURICE SAYS IN LAST SEVERAL YEARS  
U.S. INCREASINGLY VIEWED IN FRANCE AS SCENE OF GROWING  
PROTECTIONISM, EVEN THOUGH GOF KNOWS USG NOT ITSELF  
BECOMING MORE PROTECTIONIST. NEVERTHELESS BELIEVES  
MTN COULD BE WRAPPED UP IN 1977 WITH RESPECT BOTH TO  
TARIFF AND NON-TARIFF BARRIERS, ESPECIALLY IF USG  
ABANDONED ITS ASSIMILATION OF INDUSTRY AND AGRICULTURE.  
ECONMINISTER IN REPLY AGREED PROGRESS SHOULD BE  
POSSIBLE ON TARIFF AND NTB FRONTS BUT MADE CLEAR THAT  
OUR NEGOTIATING MANDATE REQUIRES THAT BOTH AGRICUL-  
TURE AND INDUSTRY BE DEALT WITH AND THAT IS WHAT WE  
EXPECT TO CONTINUE TO DO. OUR UNHAPPINESS WITH RECENT  
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COMMENTS BY NEW FOREIGN TRADE MINISTER ROSSI WAS

DISCUSSED AND IT WAS AGREED THAT WE SHOULD CONTINUE OUR CAMPAIGN TO EDUCATE HIM ON U.S. TRADE POLICY. EMBASSY AGREES WITH USDEL MTN GENEVA VIEW (REFTEL A) THAT STATEMENT OF FOREIGN TRADE MINISTER MUST BE TAKEN SERIOUSLY, BUT NOTES THAT HIS STATEMENT TO FRENCH ECONOMIC AND SOCIAL COUNCIL WAS NOT PUBLIC DOCUMENT RELEASED BY GOF AND URGES THAT IF ANY DISTRIBUTION MADE OF HIS STATEMENT IT SHOULD BE ACCOMPANIED BY CAVEAT THAT MINISTER IS NEW IN JOB AND NOT YET FULLY AWARE OF ALL ASPECTS OF TRADE POLICY SITUATION. END SUMMARY.

2. IN COURSE DECEMBER 7 TOUR D'HORIZON WITH HENRI FROMENT-MEURICE, DIRECTOR, ECONOMIC AND FINANCIAL AFFAIRS AT MFA, EMBASSY ECONMINISTER INDICATED, IN RESPONSE TO F-M'S QUESTION, THAT ISSUE IN U.S.-FRENCH ECONOMIC RELATIONS CAUSING US THE MOST CONCERN CURRENTLY WAS IN TRADE POLICY AREA.

3. FROMENT-MEURICE AGREED THAT WHILE AT PRESENT THERE WERE FEW BASIC U.S.-FRENCH DIFFERENCES IN ECONOMIC AREA, TRADE POLICY WAS INDEED THE SIGNIFICANT EXCEPTION. HE SAID GOF DID NOT RPT NOT MAINTAIN THAT USG WAS BECOMING MORE PROTECTIONIST, BUT ASSERTED THAT THERE WAS GROWING IMPRESSION IN FRANCE THAT PROTECTIONISM WAS ON THE MARCH IN AMERICA. HE SAID IN LAST FEW YEARS IMAGE OF U.S. IN FRANCE HAS BECOME ONE OF A COUNTRY WHICH IS DETERMINED TO PROTECT ITS OWN ECONOMY, WHATEVER THE COST TO OTHERS. THUS, POPULAR FRENCH VIEW IS THAT THE U.S. TRADE ACT, PASSED IN 1974, WAS INTENDED BY CONGRESS TO ARM THE ADMINISTRATION WITH TOOLS AND WEAPONS FOR USE IN DEFENDING U.S. ECONOMY AGAINST THREATS FROM FOREIGN TRADE. THIS IS NOT JUST A DAMOCLES SWORD HANGING OVER MTN; IT IS A PRESENT OBSTACLE WHICH IS IMPEDING PROGRESS IN MTN.

4. ECONMINISTER SAID HE WAS VERY MUCH AWARE OF VIEW BEING BRUITED ABOUT IN FRANCE THESE DAYS THAT U.S. INCREASINGLY PROTECTIONIST AND THAT TRADE ACT BEIRG CONFIDENTIAL

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USED TO EXTRACT MAXIMUM FROM TRADING PARTNERS WHILE MAKING NO CONCESSIONS ON U.S. SIDE. HE SAID HE ALSO APPRECIATED THAT FROMENT-MEURICE KNEW THIS WAS UNTRUE, AND REHEARSED SOME OF HISTORY OF TRADE ACT AND ITS OBJECTIVE OF INSURING SUCCESSFUL USG PARTICIPATION IN TRADE NEGOTIATIONS WHICH WOULD LEAD TO GREATER LIBERALIZATION OF WORLD TRADE. ALSO DESCRIBED MECHANISMS CREATED BY TRADE ACT TO CONSIDER COMPLAINTS OF AMERICANS

FEELING THEMSELVES INJURED BY FOREIGN TRADE AND TO  
TAKE ACTIONS OTHER THAN PROTECTIONIST TO COMPENSATE  
INJURED PARTIES WHERE INJURY IN FACT FOUND TO HAVE  
OCCURRED. HE NOTED THIS MECHANISM SERVED AS SAFETY  
VALVE TO AVOID BUILDING UP OF PRESSURE ON CONGRESS

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R 091325Z DEC 76  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 7807  
INFO AMEMBASSY BONN  
USMISSION EC BRUSSELS  
USDEL MTN GENEVA  
AMEMBASSY LONDON  
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 03 PARIS 36418

FOR PROTECTIONIST LEGISLATION. SAID RECORD OF USG  
IN THIS RESPECT EXCEEDINGLY GOOD, WITH VERY FEW  
INSTANCES, IN HUNDREDS OF CASES, IN WHICH USG FINALLY  
REQUIRED TO TAKE ACTIONS WHICH COULD BE LABELLED  
PROTECTIONIST. OBSERVED THAT WE HAD APPARENTLY HAD  
LITTLE SUCCESS IN OUR EFFORTS TO EXPLAIN OUR POSITIONS  
ON TRADE POLICY TO FRENCH PUBLIC AND TO FRENCH  
OFFICIALDOM, AND THIS SHOULD BE HIGH PRIORITY TOPIC  
FOR US IN COMING YEAR. ADDED THAT WE WERE PARTICULARLY  
DISTURBED BY RECENT STATEMENTS MADE BY NEW  
MINISTER OF FOREIGN TRADE ANDRE ROSSI (REFTEL A)  
WHICH REVEALED FAIRLY COMPLETE MISUNDERSTANDING OF  
U.S. POSITION.

5. FROMENT-MEURICE DID NOT DISPUTE DESIRABILITY EXPLAINING U.S. FREE TRADE ATTITUDES MORE FULLY AND SUGGESTED WE MIGHT START OUR EDUCATION CAMPAIGN WITH MINISTER ROSSI. ECONMINISTER SAID THIS HAD ALREADY BEGUN, BOTH IN HIS OWN CALLS ON ROSSI AND IN A RECENT VISIT BY AMBASSADOR WALKER. IN EACH MEETING WE HAD CONFIDENTIAL

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LEFT DISCOURAGED AND WITH FEELING THAT OUR VOICES HAD NOT BEEN HEARD.

6. FROMENT-MEURICE SAID HE THOUGHT IT SHOULD BE POSSIBLE TO WIND UP MTN IN 1977 IF WE DID NOT TRY TO TACKLE TOO MUCH. ON TARIFF SIDE, IT SHOULD BE POSSIBLE TO FIND A FORMULA FOR "HOMOGENEOUS REDUCTION" ACHIEVING "SIMILAR LEVELS OF TARIFF" FOR ALL PARTIES. ON NON-TARIFF BARRIERS PROGRESS SHOULD ALSO BE POSSIBLE ALTHOUGH GOF IS HYPERSENSITIVE ABOUT "VALEUR EN DOUANE" (THIS IS REFERENCE TO GOF UNHAPPINESS ABOUT U.S. CUSTOMS VALUATION PRACTICES) AND WILL NOT BUDGE ON THIS POINT. FINALLY, IF USG WILL JUST ABANDON ITS ASSIMILATION OF INDUSTRY AND AGRICULTURE, IT SHOULD BE RELATIVELY EASY TO CONCLUDE THE MTN IN 1977.

7. ECONMINISTER SAID WHILE WE MAY AT TIMES HAVE BEEN JOUSTING WITH SEMANTIC PROBLEMS, 1) ON THE TARIFF FORMULA, SEVERAL PROPOSALS ARE ON THE TABLE WHICH MIGHT PROVIDE THE BASIS FOR A NEGOTIATED SOLUTION; SIMILARLY, 2) THE IDENTIFICATION OF NON-TARIFF BARRIERS HAS BEEN GOING FORWARD AND WE SHOULD BE ABLE TO MAKE PROGRESS ON THEIR ELIMINATION; BUT 3) ON AGRICULTURE, IT MUST BE UNDERSTOOD THAT WE INTEND TO PURSUE THE MTN WITH RESPECT TO BOTH AGRICULTURE AND INDUSTRY. WE ARE NOT ABOUT TO ABANDON AGRICULTURAL TRADE QUESTIONS AND DEAL ONLY WITH INDUSTRIAL QUESTIONS; OUR NEGOTIATING MANDATE REQUIRES THAT BOTH AGRICULTURE AND INDUSTRY BE DEALT WITH AND THAT IS WHAT WE ARE SEEKING TO DO.

8. COMMENT. FRENCH ARE OBVIOUSLY CONCERNED ABOUT THEIR VERY UNSATISFACTORY TRADE PERFORMANCE IN 1976, AND THE TEMPTATION IS GREAT TO FIND A WHIPPING BOY. OF COURSE STATEMENTS BY FRENCH MINISTER OF FOREIGN TRADE MUST BE TAKEN SERIOUSLY, BUT IT SHOULD BE NOTED THAT ROSSI IS VERY NEW ON THIS JOB AND HAS BROUGHT TO IT FROM HIS PREVIOUS ASSIGNMENT AS GOVERNMENT SPOKESMAN WHAT APPEARS TO BE AN UNFORTUNATE TENDENCY TO SAY WHAT HE THINKS HIS AUDIENCE WANTS TO HEAR. WE NOTE ALSO, AS REPORTED IN REFTEL A, THAT ROSSI'S

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STATEMENT TO FRENCH ECONOMIC AND SOCIAL COUNCIL WAS  
NOT A PUBLIC DOCUMENT RELEASED BY GOF. WE WOULD BE

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R 091325Z DEC 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7808

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

USDEL MTN GENEVA

AMEMBASSY LONDON

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 03 OF 03 PARIS 36418

VERY SURPRISED, FOR EXAMPLE, IF PRIME MINISTER BARRE  
WERE TO TAKE (OR AGREE WITH) SOME OF THE POSITIONS  
WHICH ROSSI TOOK IN HIS STATEMENT. WE SUSPECT THIS  
IS MORE POSTURE THAN POSITION. WE HAVE NOT GIVEN UP  
ON HIM, BUT THINK HE IS EDUCABLE, THOUGH IT MAY BE  
SLOW GOING. HE HOPES TO VISIT U.S. EARLY NEXT YEAR AND  
THIS SHOULD PROVIDE ADDITIONAL OPPORTUNITIES FOR  
EDUCATIONAL PROCESS. MEANWHILE, HOWEVER, WE BELIEVE  
THAT ANY DISTRIBUTION OF ROSSI'S STATEMENT (WHICH WE  
DO NOT IN ANY CASE ADVOCATE) SHOULD BE ACCOMPANIED BY

SOME SORT OF CAVEAT INDICATING THAT THIS IS A STATEMENT BY A NEW MINISTER WHO CLEARLY DOES NOT YET KNOW ALL THE INS AND OUTS OF THE TRADE POLICY SITUATION AND WHOM WE HOPE EVENTUALLY CAN BE BROUGHT AROUND TO A MUCH BETTER UNDERSTANDING OF U.S. TRADE POLICIES AND POSITIONS. READERS MAY WISH ALSO TO TAKE A LOOK AT REFTEL D REPORTING CONVERSATION ON DECEMBER 8 WITH PIERRE LOYGUE, AUTHOR OF MTN REPORT TO FRENCH ECONOMIC AND SOCIAL COUNCIL. THIS REPORT IS VERY CRITICAL OF TRADE ACT AND MINISTER ROSSI'S COMMENTS WERE AT LEAST CONFIDENTIAL

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IN PART RELATED TO THIS REPORT. WE FOUND LOYGE TO BE OPEN, REASONABLE, AND EDUCABLE AND PLAN TO CONTINUE THE DIALOGUE WE HAVE BEGUN WITH HIM IN THE HOPE THAT HE MAY IN TURN BE ABLE TO HAVE A POSITIVE EFFECT ON INFLUENTIAL PERSONS IN THE GOF.

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## Message Attributes

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